

## RAILROAD PLAN TO GET RATES DOWN

New York, October 18.—Following a meeting in Chicago, October 14, 1922, of the presidents of nearly all the leading railroads in the country, Mr. Thomas DeWitt Cuyler, chairman of the Association of Railway Executives, made the following statement:

At a meeting of the Association of Railway Executives today, it was determined by the railroads of the United States, to seek to bring about a reduction in rates, and as a means to that end to seek a reduction in present railroad wages, which have compelled maintenance of the present rates.

An application will be made immediately to the United States railroad labor board for a reduction in wages of train service employees sufficient to remove the remainder of the increase made by the labor board's decision of July 30, 1920 (which would involve a further reduction of approximately ten per cent), and for a reduction in the wages of all other classes of railroad labor to the going rate for such labor in several territories where the carriers operate.

To Reduce Rates As Wages Go Down. The foregoing action is upon the understanding that concurrently with such reduction in wages, the benefit of the reduction thus obtained shall, with the concurrence of the interstate commerce commission, be passed on to the public in the reduction of existing railroad rates, except in so far as this reduction shall have been made in the meantime. The management have decided upon this course in view of their realization of the fact that the wheels of industrial activity have been closed down to a point which brings depression and distress to the entire public and that something must be done to start them again in operation.

The situation which confronts the railroads is extremely critical. The railroads in 1920 realized a net railway operating income of about \$65,000,000 upon a property investment of over \$19,000,000,000 and even this amount of \$65,000,000 included back pay for prior years received from the government of approximately \$4,000,000, thus showing, when the operations of that year alone are considered, an actual deficit before making any allowance for either interest or dividends.

The year ended in serious depression in all branches of industry, and in marked reduction of the market demand for and the prices of basic commodities, resulting in a very serious falling off in the volume of traffic.

Roads Forced To Defer Maintenance. In this situation, a policy of the most rigid economy and of postponing and cutting to the bone the upkeep of the properties was adopted by the railroads. This was at the price of neglecting and, for the time, deferring work which must hereafter and, in the near future, be done and paid for. This is illustrated by the fact that, in September 15, 1921, over 18 per cent, or 374,000, in number, of the freight cars of the carriers were in bad order and needing repairs, as against a normal of bad order cars of not more than 150,000, as is further illustrated by the deferred and inadequate maintenance of other equipment and of roadway and structures.

Even under those conditions, and with this large bill charged up against the future—which must soon be provided for and paid if the carriers are to perform successfully, the transportation duties—the result of operations for the first eight months of this year, the latest available figures, has been at a rate of net railway operating income, before providing for interest or dividends amounting to only 2.5 per cent per annum on the valuation of the carrier properties made by the interstate commerce commission in the recent rate case, an amount not sufficient to pay the interest on their outstanding bonds.

Roads' Earnings Far Below Reasonable Returns.

It is manifest from this showing, that the rate of return of 5 1/2 or 6 per cent, for the first two years after March 1, 1920, fixed in the transportation act as a minimum reasonable return upon railroad investment has not been even approximately reached, and that the present high rates accordingly are not due to any statutory guarantee of earnings, for there is no such guarantee.

In analyzing the expenses which have largely brought about this situation, it becomes evident that by far the largest contributing cause is the labor cost.

Today the railroads pay out to labor approximately 50¢ on the dollar they receive for transportation services, whereas in 1916, 40 cents on the dollar went to labor.

On the first day of January, 1917, when the government took charge of wages through the Adamson act, the labor cost of the railroads had not exceeded the sum of about \$1,468,000,000 annually. In 1920, when governmental authority made the last wage increase, the labor cost of the railroads was about \$3,628,000,000 annually, or, if continued throughout the year, instead of for the eight months during which the wage increases were in effect, the labor cost on an annual basis, would have been largely in excess of \$3,900,000,000—an increase, since the government took charge of railroad wages in the Adamson act, of approximately \$2,450,000,000 annually.

In the light of these figures, it is manifest that the recent reduction of wages authorized by the labor board, estimated at from 10 to 12 per cent, in no sense meets or solves the problem of labor costs, and in no way makes it possible for the railroads to afford a reduction of their revenue.

Thousands Of Rates Already Reduced. Indeed, during the past year there have been between four and five thousand individual reductions in freight

rates. On some railroads the reductions in rates have amounted to more than the reductions in wages so far made, and on many other railroads the reductions in wages allowed no net return on operations, but merely provided against the further accumulation of a deficit.

The point is often made that agriculture and other industries are also suffering the same immediate difficulties as the railroads. Why, therefore, do not the railroads take their medicine like anybody else? The answer lies in several facts:

1. The railroads were not permitted, as were other industries, to make charges during the years of prosperity, making possible the accumulation of a surplus to tide them over the present extreme adversity. According to the reports of the interstate commerce commission, the rate of return in property investment of the railroads of the United States for the past several years has been as follows:

"RATE OF RETURN EARNED BY RAILROADS OF THE UNITED STATES ON THEIR PROPERTY INVESTMENT."

1912	4.84%
1913	5.15%
1914	4.17%
1915	4.20%
1916 (fiscal year)	5.50%
1916 (calendar year)	6.18%
1917	5.26%
1918	3.51%
1919	2.46%
1920	0.32%

It will thus be noted that during the years when other industries were making very large profits, when the prices of farm products and the wages of labor were soaring to unheard-of heights, the earnings upon railroad investment in the United States were held within very narrow limits and that they have during the past four years progressively declined.

Roads Handicapped More Than Other Business.

2. The railroads are responsible to the public for providing adequate transportation. Their charges are limited by public authority, and they are, in very large respects (notably for labor) compelled to spend money on a basis fixed by public authority. The margin within which they are permitted to turn a return upon their investment or to offer inducements to attract new capital for extensions and betterments is extremely limited. However much the railroads might desire, therefore, to reduce their charges in times of depression, it will be perceived that the limitations surrounding their action do not permit them to give effect to broad and elastic policies which might very properly govern other lines of business at this restricted.

It has been urged upon the railroads

that a reduction in rates will stimulate traffic and that increased traffic will protect the carriers from the loss incident to a reduction in rates. The railroad managements cannot disguise from themselves that this suggestion is merely conjectural and that an adverse result of the experiment would be disastrous not only to the railroads, but to the public, whose supreme need is adequate transportation.

Consequently the railroad managements cannot feel justified in placing these instrumentalities, so essential to the public welfare, at the hazard of such an experiment based solely upon such a conjecture.

Farmers Especially Need Lower Rates. It is evident, however, that existing transportation charges bear in many cases a disproportionate relationship to the prices at which commodities can be sold in the market and that existing labor and other costs of transportation thus imposed upon industry and agriculture generally a burden greater than they should bear. This is especially true of agriculture. The railroad managements are feeling sensitive to and sympathetic with the distressing situation and desire to do everything to assist in relieving it that is compatible with their duty to furnish the transportation which the public must have.

At the moment railroads, in many cases are paying 40 cents an hour for unskilled labor, when similar labor is working alongside the railroads and can easily be obtained by them at 20 cents an hour. The railroads of the country paid, in 1920, a total of considerably over \$1,200,000,000 to unskilled labor alone. However desirable it may be to pay this or that schedule of wages, it is obvious that it cannot be paid out of railroad earnings, unless the industries which use the railroads are capable of meeting such charges.

The railroads—and through them, the people generally—are also hampered in their efforts to economize by a schedule of working rules and conditions now in force as a heritage from the period of federal control and upheld by the railroad labor board. These conditions are expensive, uneconomic and unnecessary from the point of view of railroad operation and extremely burdensome upon the public which pays the bill. This schedule of wages and of working conditions prevents the railroads from dealing equitably with their labor costs in accordance with rapidly changing conditions and the most variety of local considerations which ought to control wages in different parts of the country. The railroads are seeking to have these rules and working conditions abrogated.

The railroads will seek a reduction in wages now proposed by first requesting the abrogation of the railroad labor board. The railroads will proceed with all possible dispatch, and as soon as the railroad labor board shall have given its assent to the reduction of wages, the general reduction in rates will be put into effect.

"Let B. & B. DO IT." 3-9-7

## Don't Throw It Away

Have it Dry Cleaned

What an appalling waste of money there is each year in dresses, suits, and other garments thrown away when only half worn.

Bring it to us for inspection. Perhaps it can be dry cleaned or dyed and made to look like new.

We will advise you to the best of our ability, if you'll let us. Careful work. The result will please you.

**GEM CITY PRESSERY**

W. E. WALKER, Prop.

308 Lemon St.

Phone 268



## Many Americans in French Universities Switches His Bull

(By Associated Press.)  
New York, Oct. 26.—American students from 43 states and the District of Columbia, graduates of 103 American universities and colleges, are now studying in French universities, Prof. Earle B. Babcock, reports on his return to New York University after serving as director of the American University Union in Paris.

The largest number of American students, 524 men and women, since the beginning of the war are registered at the union. Before the war between 100 and 2,500 students were studying in Paris every year. As the result of the work of the union and the American council on education, all the French state degrees are accessible to foreigners except that of doctor of letters, Prof. Babcock said.

Prof. Paul Van Dyke of Princeton will be director of the union for 1921-1922.

It is necessary for telephone operators in Egypt to be able to speak English, French, Italian, Greek and Arabic.

## Mercurial Greaser Switches His Bull

(By Associated Press.)  
Mexico City, Oct. 26.—Indicative of the varied emotions to which the Mexican populace easily lends itself was a scene recently enacted at the bullring here.

The occasion was a bullfight given in honor of the Centennial celebration but prior to the start of the fight a group of Mexican singers and dancers performed. The concluding number was a grand opera selection and more than 25,000 persons applauded so enthusiastically that the number was repeated twice.

Within five minutes, the same 25,000 were cheering wildly as their idol, the matador, Rodolfo Gaona, made his spectacular "passes of death" at a raging bull.

Tokio, Oct. 26.—E. M. Sutliff, one of the vice-presidents of the American Trading Company has been granted the Third Order of the Rising Sun by the Japanese government in recognition of 24 years of service in promoting trade between the United States and Japan.

In response to the inquiry of many telephone subscribers: "What can I do to help my service?" this advertisement is published.

## Help Control "Busy" Reports

Out of the thousands of telephone calls made daily, about ten per cent result in a report of busy lines.

This enormous number of busy reports is due largely to the fact that many subscribers repeat their calls at intervals of a few seconds.

Making immediate and repeated calls for a busy line causes much unnecessary work for the operator and is a wasteful use of lines and equipment.

It will improve your service and help the general service of the community if you will wait a few minutes after receiving the busy report before making a second call.

**SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY**



## "Knowledge Is Power"

We know that our prices on all kinds of Meats are right. Therefore you have the power to get these things at right prices.

FLORIDA **MEATS** WESTERN

Hens and Fryers Dressed to Order.

Oysters in Season

**The Model Meat Market**

"Where Quality Tells and Price Sells"

326 Lemon St.

Phone 98

## We Are Doing Our Share

To lower the high prices that have prevailed since 1918, and now have reduced our prices to pre-war basis. Come in and let us show our line of

Cast Heaters, Oil Heaters and Hot Blast Heaters

You will not get Better Stoves than these at any price and we have them from

**\$3.00 up**

Wood Cook Stoves, Ranges, Oil Cook Stoves and Ovens

These Stoves range in price from

**\$17.50 to \$55.00**

**Gomes & Kellum**

NEW AND SECOND-HAND FURNITURE  
CORNER SEVENTH AND LEMON STREET

**CIRCUS PALATKA OCT. 31 MONDAY**

**VAN AMBURG'S TRAINED WILD ANIMALS WITH**

## HOWE'S GREAT LONDON CIRCUS

**TWO PERFORMANCES 2:00 P.M. 8:00 P.M.**

**RAIN OR SHINE**

**EVERYTHING A Circus Should Have**

Special Trains  
Acres of Tents  
Hundreds of Performers  
50 Funny Clowns 50  
Huge Cages of Wild Beasts

**THE CROWNING EVENT OF THE YEAR**

**THE CIRCUS THAT BEGINS WHERE ALL OTHERS STOP**

The Most Complete Assemblage of Amazing and instructive features in the History of the World

**DON'T MISS THE FREE STREET PARADE AT 11 A.M.**

**LAUGHS, THRILLS, BEAUTY GALORE SOMETHING for YOUNG and OLD**

Tickets on Sale on Show Day at The Palatka Pharmacy at Same Prices Charged on Grounds

## Made To FIT

CONDITIONS that alter the fit of an ordinary cap do not affect the "Sure-Fit."

After a rain or a hair-cut, for motoring or in a wind—"Sure-Fit" responds to the patented strap with the little invisible buckle.

It is loosened or tightened like a trouser belt, which keeps it from ever being too tight or too loose.



"Sure-Fit Cap" are made in all colors, fabrics and shapes. They are regularly priced.

**SURE-FIT CAP**

AT YOUR RETAILER'S or write too

**FINE & LEVY**

695-702 Broadway

New York City

**Fearnside Clothing Company**